

CORRECTED FISCAL NOTE

HB 244 - SB 867

April 12, 2007

SUMMARY OF BILL: Requires the TennCare program to cover inpatient rehabilitation facility services when alternative services will likely be as costly.

ESTIMATED FISCAL IMPACT:

On March 26, 2007, we issued a fiscal note on this bill indicating *a not significant increase to state expenditures*. Based on additional information received from the Bureau of TennCare, the fiscal impact of the bill is as follows:

(Corrected)

Increase State Expenditures – \$ 4,356,600

Increase Federal Expenditures - \$ 7,643,400

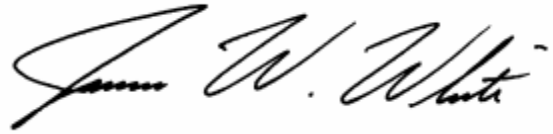
Assumptions:

- According to the Bureau of TennCare, managed care organizations (MCOs) currently may choose to pay for in-patient rehabilitation services only if such services are a cost effective alternative step-down from in-patient hospital care, but such services are not a mandatory covered service under the program and are not available as an alternative to home care.
- Listing in-patient rehabilitation as a covered service may require the Bureau to reimburse MCOs for providing such care in cases where at-home care is deemed not to be an adequate alternative and may create grounds for appeal of denial of services. Currently, in-patient stays including rehabilitation services cost the TennCare program approximately \$12,000,000 per year in combined state and federal funds. The Bureau estimates that this cost will at least double as a result of this additional coverage option. Of this amount, \$4,356,600 will be state funds and \$7,643,400 will be federal funds at a 63.695% match rate.
- The Bureau of TennCare will not incur a significant increase in state expenditures to seek a State Plan Amendment from the Centers for Medicare and Medicaid Services. Any increase can be absorbed within existing resources of the Bureau.

HB 244 - SB 867 (CORRECTED)

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director